

Info Sheet 1

How Proportional Taxes Affect Different Income Levels

Theme 3: Fairness in Taxes
Lesson 4: Proportional Taxes

Proportional taxes take the same percentage of income from all income groups. Here are three proportional taxes in the fictional country of Proportionalia. The charts show how the taxes affect lower-income, middle-income, and upper-income levels.

INCOME TAX IN PROPORTIONALIA		
Income	Percentage of Income	Tax Amount
\$10,000	15%	\$1,500
\$50,000	15%	\$7,500
\$100,000	15%	\$15,000

PROPORTIONALIA'S 7% SALES TAX		
Income	Amount Paid in Sales Tax on Year's Worth of Taxable Merchandise	Percentage of Income Paid in Sales Tax
\$10,000	\$1,000	10%
\$50,000	\$1,000	5%
\$100,000	\$1,000	1%

REAL ESTATE TAX IN PROPORTIONALIA		
Value of Home	Tax Rate	Tax Amount
\$50,000	4%	\$2,000
\$100,000	4%	\$4,000
\$300,000	4%	\$12,000